

MEMORANDUM

TO: Mayor and Council

FROM: Terry Schum, Planning Director
Joseph L. Nagro, Interim City Manager

DATE: April 8, 2005

SUBJECT: Evaluation of Site Alternatives for the Relocation of City Hall

BACKGROUND INFORMATION

The construction of a new City Hall building on a different site is one component of the Downtown Parking Garage and Redevelopment Project initiated by the Mayor and Council. This project began in 2003 when the city conducted several feasibility studies to determine a suitable location for a downtown parking garage and looked at how best to utilize city-owned property in a mixed-use project. The city released a Request for Proposals (RFP) in October 2003 to solicit real estate developers interested in a public/private partnership that would maximize the number of new publicly accessible parking spaces and private development potential. The city retained a real estate consultant, UniDev, LLC and in November 2004, named the team of Otis Warren, SJM Partners and Clark Ventures as the preferred developer for the project.

The proposed development scenario has the city contributing its property through a ground lease or selling it with covenant restrictions. The revenue from the sale of residential and commercial condominium units is used to repay the interim financing costs of the project. One of the benefits of this arrangement is that a new City Hall can be built with no long-term debt (assuming no land acquisition costs). The city property to be utilized for the project includes the existing City Hall site at 4500 Knox Road and the Special Lot site located at the corner of Knox Road and Yale Avenue. The components of the project as currently proposed are:

1. City Hall Site

- 180 residential condominiums
- 282 structured parking spaces
- 8,350 square feet of ground floor retail

2. Special Lot Site

- 12,000 square feet of office condominiums
- 405 structured parking spaces (this could be reduced to 348)

3. Replacement of City Hall on a Site to be Determined

- 26,000 square feet
- 68 parking spaces

An internal staff assessment of space requirements for city hall has indicated a need for approximately 26,000 square feet of space. This includes some future growth of city staff, meeting and conference rooms and a City Council Chambers. A more in depth analysis of space requirements will be made once an architect is selected for the project. The previous estimate of 28,000 square feet appears to be high so project costs contained in this report have been adjusted to reflect the change.

The city invited developers to recommend sites for the relocation of City Hall as part of the RFP process and has previously examined the feasibility of a number of different site options and received public comments. A summary of the public comments received to date is included as Attachment 4. In January 2005, the City Council determined that three sites should be further analyzed prior to making a final site selection. The current schedule calls for a public information meeting on this report to be held on April 11, 2005 and a public hearing to obtain community input on April 26, 2005.

SITE EVALUATIONS

The three sites under consideration by the Mayor and Council are described below and include the Special Lot Site, The Friends School Site and the Branchville Site. The cost of constructing City Hall on each site is estimated and the costs and revenues associated with including or not including the office condominiums on the Special Lot are taken into consideration to arrive at the net project cost. These cost estimates were provided by the developer and are approximate and preliminary. They are being used solely for the purposes of comparison and are subject to change based on the actual design of the building. The site selected for the new City Hall does not have an impact on the development program proposed for the existing City Hall site therefore the costs associated with it are not included. Other site characteristics including location, ownership, suitability for future expansion and mothballing costs have been considered and are summarized in a list of advantages and disadvantages associated with each site. The following information is included as attachments: photographs indicating how City Hall might be located on each site; a matrix with construction cost estimates for City Hall and the office condominiums; a matrix listing other site considerations; and a summary of public comments that have been made.

SPECIAL LOT SITE – Southwest Corner of Knox Road and Yale Avenue

Site Description

The entire site consists of two lots (14,450 square feet, zoned M-U-I) owned by the city and currently used as a 40-space public parking lot, as well as two residential lots (13,000 square feet, zoned R-55), the acquisition of which is being negotiated by the city. The site is within the Development District Overlay Zone of the US Route 1 Sector Plan, Subarea 1. This site is critical to the downtown development program as it is the site selected for the public parking garage. The current program calls for 12,000 square feet of office space to be included on a portion of two floors of the garage. Instead, City Hall could be substituted for the office space and some parking. The cost associated with the acquisition of the two residential lots, site work and demolition is not included as part of the cost of constructing City Hall on this site because the property must be acquired and prepared regardless of where City Hall is located.

Project Cost Estimate

Land acquisition	\$ - 0 -
Design, permitting, legal, etc.	\$1,430,000
Site work and demolition	\$ - 0 -
Construction of City Hall	\$5,770,000
Total Hard and Soft Costs for City Hall	\$7,200,000
Cost/SF	\$ 277
Hard and soft costs for offices	\$ - 0 -
Revenue from office sales	\$ - 0 -
Profit from office sales	\$ - 0 -
Total Net Project Cost	\$7,200,000
Cost/SF	\$ 277

Advantages/Disadvantages

Advantages

- City Hall remains in traditional downtown location
- City of College Park will own the site
- Location is consistent with City Comprehensive Plan and Route 1 Sector Plan
- Site is easily accessible by all modes of transportation
- Additional parking readily available in garage, if needed for city hall purposes
- Net project cost is slightly less expensive than the Branchville site

Disadvantages

- Small size of site may constrain building design and impact parking efficiency
- No open space, plaza or town green area available
- Number of public parking spaces reduced by approximately 68 spaces
- Cost per parking space increases
- Limited opportunity for additional community space or future expansion

- Prominent downtown location more desirable for commercial (tax producing) use in combination with the parking garage
- Schedule for project could be delayed by land acquisition process for two lots
- No revenue from the sale of office condominiums (approximately \$390,000)
- Net project cost is approximately 9% more expensive than the Friends School site.

FRIENDS SCHOOL SITE – 4601 Calvert Road

Site Description

This is a 3.73-acre site zoned R-55 and improved with a 22,000 square foot building owned by the city and currently leased to the private Friends School for \$128,000 annually. The Calvert Hills Playground and a soccer field are also located on the property. This is the site of the former College Park Elementary School declared surplus by the Board of Education. Restrictions in the deed require the city to retain the facility in public use or forfeit the title to Prince George's County. The specific deed language states, "If at any time the city discontinues the use of this property for the public purpose for which it is conveyed, the property will revert to the county." The county's Office of Law has further clarified the intent by writing, "So long as the library and community purposes for which the building is to be utilized remain the primary purpose for which the College Park Elementary School is used, the rental of a portion of the building to a private entity would not be a violation of the conditions of the deed of the building to the City of College Park." The lease with the Friends School is scheduled to expire in August 2005 and the school would like to extend the lease for one year while their new building is under construction.

The Friends School site is part of the Calvert Hills National Register Historic District. An assessment of the building by Applied Environmental Incorporated in 1991 indicated the presence of asbestos in several locations, some of which has already been removed. The remaining asbestos would need to be removed when the building is renovated (estimated cost of removal is \$100,000). A building inspection by the URS Corporation in 2004 estimated that it would cost approximately \$3,500,000 to renovate the entire building to current standards for school purposes.

To accommodate City Hall, it is proposed that the existing building be renovated and a new addition constructed (approximately 4,000 square feet). Adequate surface parking is available and the field and playground could be retained.

Many citizen comments made to the City Council have expressed a desire to see this site retained for use as a school facility. A charter school, lab school or nursery school has been mentioned. An exploratory committee made up of University of Maryland faculty and City Council members have initiated a dialog to pursue the possibility of establishing a new community-based school (K-12) in College Park. A more formal planning process will be undertaken by a steering committee in the coming months. The first issues to be addressed have to do with curriculum and funding for planning. It is not necessary at this stage in the process to be site specific. No funds have been identified to pay for any

capital costs related to facility improvements. A school of this type would be a long-term commitment of the city and university and it is estimated to take one and a half years to develop a program and find funding.

The Prince George's County Board of Education recently announced four sites under consideration for a new high school to relieve overcrowding in the northern area of the county. The Friends School site is too small to meet their criteria. The College Park Nursery School has expressed some tentative interest in the site in order to accommodate future growth. The Nursery School is not in a financial position to lease the entire facility but would consider shared use in conjunction with City Hall. The Center for Young Children, a campus-based lab school (nursery – K) has explored expanding their capacity and adding additional grades to their campus site. The Director has expressed interest in partnering with the community-university school effort underway.

Project Cost Estimate

Land Acquisition	\$ -0-
Design, permitting, legal, etc.	\$1,390,000
Site work and demolition	\$ 790,000
Construction of City Hall	\$4,760,000

Total Hard and Soft Costs for City Hall	\$6,940,000
Cost/SF	\$ 267

Hard and soft costs for offices	\$1,690,000
Revenues from office sales	\$2,080,000
Profit from office sales	\$ 390,000

Total Net Project Cost	\$6,550,000
Cost/SF	\$ 252

Advantages/Disadvantages

Advantages

- City owns site (not taxable) and existing tenant (Friends School) is leaving
- Site is large enough to accommodate City Hall and retain recreational uses and accommodate future expansion
- Site provides possibility for shared use with a tenant such as the College Park Nursery School
- Existing historic building will be rehabilitated
- Construction cost estimate is \$660,000 less than all new construction
- Additional spending to return building to service would be unnecessary (up to \$3,500,000)
- Avoid possibility of building sitting vacant and becoming an attractive nuisance
- Avoid mothballing costs

- Avoid costs of marketing to prospective public sector tenants
- Avoid possible conflict with deed restriction in future lease arrangement
- Frees up parking spaces in Special Lot garage (approximately 68)
- City Hall moves from downtown core to downtown edge and frees up commercial property for revenue producing use (office condominiums and public parking)
- Civic use remains in downtown vicinity contributing to the mix of uses in the town center
- City receives revenue from sale of office condominiums (\$390,000)
- Net project cost is approximately 9% less than the Special Lot site and approximately 1% less than the Branchville site

Disadvantages

- Design flexibility of City Hall constrained by existing building
- Opportunity to use entire site for school facility in future is lost
- Objections to City Hall use expressed by some neighbors

BRANCHVILLE SITE – 4810 Greenbelt Road

Site Description

This site contains 2.7 acres zoned R-55 and is improved with a storage building, playground and a surface parking lot with 94 spaces. The Branchville Volunteer Fire Department entered into a 99-year lease with Prince George's County to use the site on March 18, 1994 and owns the adjoining property to the east where the fire station is located. The lease stipulates that it cannot be transferred or assigned without the written consent of the county. City staff contacted the President of the Board of Directors of the Fire Department to ascertain the possibility of using this site for City Hall. The President indicated that he could recommend approval of this arrangement to the full Board if the following were addressed:

1. Provide reserved parking spaces (about 50) for Bingo nights (Sunday, Monday, Friday).
2. Provide storage for antique fire truck and miscellaneous equipment in existing or replacement facility.
3. Take over maintenance responsibility for playground and ground maintenance.
4. Address traffic control to avoid conflicts with emergency vehicles.
5. Allow occasional access to conference or classroom space in City Hall for approximately 30 persons.

The Office of the County Executive was also contacted to determine if the county would have any objection to this arrangement, and to determine what the process for amending the lease would be. Staff was told that a letter from the Mayor should be sent to the

County Executive describing the request and including a letter from the Branchville Volunteer Fire Department indicating their consent to the arrangement.

Project Cost Estimate

Land acquisition	\$ - 0-
Design, permitting, legal, etc.	\$1,430,000
Site work & demolition	\$ 400,000
Construction of City Hall	\$5,770,000

Total Hard and Soft Costs for City Hall	\$7,600,000
Cost/SF	\$ 292

Hard & soft costs for offices	\$1,690,000
Revenue from office sales	\$2,080,000
Profit from office sales	\$ 390,000

Total Net Project Cost	\$7,220,000
Cost/SF	\$ 278

Advantages/Disadvantages

Advantages

- Site is large enough to accommodate City Hall, retain existing facilities and accommodate future expansion
- Site is not an existing taxable property
- Moves City Hall closer to the geographical center of the community
- No design constraints on new building
- Frees up parking spaces in Special Lot garage (approximately 68)
- City receives revenue from sale of office condominiums (\$390,000)

Disadvantages

- Need to negotiate new lease with both Branchville Volunteer Fire Department and Prince George's County with no certainty about outcome or timeframe
- If city doesn't own the property, legal and financing costs may increase (not included in cost estimate)
- City Hall is relocated from its traditional downtown location (not consistent with City Comprehensive Plan or Route 1 Sector Plan)
- Pedestrian access and access to metro is inferior to other sites
- Shared use of site with Fire Department may interfere with City Hall use
- Net project cost is approximately 1% more than the Friends School site and slightly more than the Special Lot

RECOMMENDATION

The Friends School Site is the most advantageous location for a new City Hall in terms of site control and financial impact. It also offers an opportunity to partner with the College Park Nursery School to support their needs (and community demand) and generate some lease revenue. The biggest drawback is losing the opportunity to make this site available for another school use in the future. There are, however, other options for school sites in the city that could be explored once needs are more specifically defined. For example, if a productive relationship with the existing Center for Young Children is formed, a campus location for an elementary/middle school might be a possibility with a high school located elsewhere in the city. The city should continue to support the efforts to locate a community/university-based school in the city.

The primary advantage of the Branchville Site is that it is a relatively large, mostly vacant site. The location is more centrally located in the city than the other sites although it is more difficult to access by transit or foot, and shifts the traditional location of civic space from the downtown. A major drawback is that the city does not have site control and formal approval of the site for City Hall purposes is needed from others and the timeline for obtaining this approval could not be ascertained.

The Special Lot Site is the least attractive option for City Hall and the most expensive. The site is significantly smaller than the others and is currently proposed by the developer as the location for the new public parking garage and office condominiums. Substituting a 26,000 square feet City Hall for the offices has a negative impact on the number of publicly accessible parking spaces and adds to the net project cost. The design options for City Hall are also limited because of the site constraints.

Staff has consulted with the city's real estate consultant and developer and both concur with this assessment.

ATTACHMENTS

1. Construction Cost Estimates & Other Financial Impacts
2. Other Site Considerations
3. Alternative Sites for the Relocation of City Hall
4. Compilation of Public Comments on City Hall Relocation
5. Timeline for Project